GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:7610
ANSWERED ON:16.05.2002
REPAYMENT OF LOANS TO PFC BY SEBS
RAMDAS ATHAWALE

Will the Minister of POWER be pleased to state:

(a) the details in regard to repayment of loan to the Power Finance Corporation by each State Electricity Board as on date; and

(b) the steps taken by the Government for recovery of the outstanding loan?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA)

(a) : The statement indicating the state-wise details of repayment of rupee term loan by State Electricity Boards/State Sector Borrower to Power Finance Corporation (PFC) as on 31.3.2002 is given in Annexure.

(b) : PFC disburses the loan after the loan documents entailing the terms &conditions are finalized and executed between the borrower and PFC.The terms & conditions of the loan includes interalia the rate of interest, period of loan, due dates for payment of interest and Principal etc.

The loans advanced by PFC is guaranteed fully, unconditionally and irrevocablyeither by the State Government or by any of the nationalized banks in respect of the dues payable to PFC by the borrowers by creating a charge on the assets/escrow account/letter of credit. In the case of State Power Utilities, PFC obtains from State Governments anundertaking that PFC will have priority claim on the State Utilities surplus revenue over theobligations in respect of the loans guaranteed by the State Governments to the State Utilities.

The PFC intimates the borrowers about 10 days in advance of the due date theamount payable by them on the respective due date by way of a demand notice.

If the borrower does not make the payment of installment/interest and other charges on any due date, the same are being shown as outstanding dues payable by the borrower.

PFC is regularly pursuing the borrowers for recovery of outstanding dues through letters, discussions and personal visits.

As per the prevailing PFC`s policy as on date, when the loan is 60 daysoverdue, a formal notice is sent to the borrowers that disbursements will be suspended on all loans and Escrow Account will be invoked unless all outstanding payments are made within 30 days from the date of notice. If payment is not received within that period, disbursement in all loans and new sanctions to the borrowers are suspended, which prompts the borrowers to clear the dues at the earliest so that their project implementations do not suffer.